Automotive News

December 17, 1984

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New M-B series

With seven engines

Developed as the W124, the new Mercedes-Benz series fits into the maker's family between the compact models and the S-class. There are seven engines, including three diesels. Of the gasoline models, the four-cylinder 200 (107 HP) and 230-E (134 HP) have been used in the 190. The two six-cylinder units – 260-E with 167 HP and 300-E with 187 HP – are new. Story, other picture on Page 6.

Domestic car inventory is 58 days, 9-month high

By Kathleen Hamilton
Assistant Managing Editor

The inventory of new domestic cars at dealerships and factories rose to a 58-day level on Dec. 1, the highest days' supply since March, when there was a 59-day supply.

It was 51 days on Nov. 1 and 55 days on Dec. 1, 1983.

The Dec. 1 inventory stood at 1,405,417 units, the highest total since July 1, when there were 1,445,799 cars in stock. The Dec. 1 total exceeded both the month-earlier stockpile of 1,296,182 units and the year-earlier total of 1,307,756.

One big reason for the heavier supply was the production gain at General Motors following its Canadian labor settlement. Another big contributor was the slower selling rate of standard-size cars. Sales of intermediates and luxury cars were down, too, but most of the models in those size classes were better off on Dec. 1 than on Nov. 1, when many were in short supply.

Of the standard-size cars, only the General Motors models were within the normal range. The rest were heavy. But the sales rates for most of the other makers' standard-size cars were constant during the month, indicating that the stockpiling was purposeful. The only car in the class that saw a significant sales decline during the month was the Ford Crown Victoria.

• The supply of subcompacts rose because of increases in production, not decreases in sales: Sales in the segment were nearly the same in November as they had been in October. Heaviest supplies in this segment were at Chrysler Corp. and American Motors. Although AMC increased its sales significantly during the month, its production grew, too.

In the intermediate range, sales fell, causing both the stockpile and the days-supply level to grow to an ideal 50-day supply. There were a few shortages at GM in this segment as December opened, but every other make except Citation (100 days) was in the normal range.

The selling rate declined among luxury models, as well, but in this segment it was due mostly to shortages of GM models. They are still thin, but not as bad as on Nov. 1. Dec. 1 found Continental and Mark VII the only luxury models with bloated supplies.

The inventory shares by segment were: Subcompact, 21.85 percent; compact, 24.02 percent; intermediate, 28.04 percent; standard, 16.09 percent, and luxury, 9.20 percent.

One month earlier, the shares were: Subcompact, 22.69 percent; compact, 25.12 percent; intermediate, 27.52 percent; standard, 15.75 percent, and luxury, 8.92 percent.

As noted, AMC trimmed its days' supply by increasing sales. The only other maker – or division, for that matter – to trim its days-supply figure during the month was Honda.

It halved its inventory of U.S.-built cars, partially because of a production decrease. Its sales rate fell as shortages afflicted dealers. The outcome was a Dec. 1 inventory of Ohio Accords worth four days, compared with a seven-day supply one month earlier. Honda's combined domestic-import inventory on Dec. 1 was the equivalent of a nine-day supply.

Table on Page 49

At Chrysler Corp., Plymouth sales stayed steady but production rose, giving it a larger days-supply figure. Chrysler and Dodge sales declined, with the same result. The big month-to-month change for Diplomat (113 days versus 89) was due solely to a production increase; its sales stayed steady.

Ford Motor Co.'s three marketing units all experienced sales declines, causing increases in their days-supply levels. Again, the big change in the Grand Marquis figures (104 days on Dec. 1 versus 74

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Canadians quit UAW; will form own union

By Marjorie Serge
Labor Editor

DEARBORN. – The Canadian section of the UAW will break away from the international union and form a separate organization, probably by this summer, according to Robert White, director of the Canadian region.

White said that when the new union is set up, he will begin working to form a North American Metalworkers Federation – an organization with loose ties in which representatives from auto industry unions in Mexico, the U.S. and Canada can meet to discuss the "real North American auto industry."

"If we don't have very close dialog with workers in other countries, the corporations will play the countries off against one another, especially in low-wage areas," he said.

White said the new federation could be formed in a "couple of years."

The Canadians began taking formal steps to pull out of the international union last week after the UAW's 25-member International Executive Board refused to approve White's proposals for Canadian autonomy. The vote was 24 to 1. White's was the only vote in favor of the proposals.

Those proposals included Canadian autonomy in bargaining and merger possibilities, no interference from the international officers unless requested and that the Canadian staff report directly to the Canadian director.

According to some sources, some board members did not fully understand the impact of rejecting those proposals – the with-

Continued on Page 49, Col. 4

Shop business shows major gain for month

By Francis J.Gawronski
Service Editor

Service and parts business at new-car dealerships rebounded in October after recording its first decline in 18 months in September.

According to the Automotive News Service Index, shop business at dealerships in October amounted to 118.5 percent of the volume recorded in the same month in 1983. It was the second best increase of 1984.

Business in September dipped to 98.3 percent of the business reported for the year-earlier month.

SERVICE INDEX
126.2★

	Oct., '84 vs. Oct., '83	10 mos., '84 vs. 10 mos., '83
Gross Profit on All Labor and P&A Sales	+19.6%	+16.4%
Repair Orders Written	+16.4%	+ 7.2%
Total Labor Sales (Customer & Warranty)	+20.9%	+16.2%
Shop Parts Sales (Customer & Warranty)	+22.6%	+21.1%
Sales of All Parts and P&A	+17.4%	+16.2%

★ – Survey by Automotive News shows that dealer's serevice and parts business in October, 1984, was 118.5 percent of business in October, 1983. Service business in the 10 months of 1984 was 115.1 percent of business in the corresponding period in 1983.

All five indicators used in the Service Index were up impressively in October, led by shop parts sales – those used on both customer-paid and warranty work – which climbed 22.6 percent over their year-ago volume.

The next best showing was that of total labor sales (customer-paid and warranty work), up 20.9 percent, followed by gross profit on all labor, parts and accessory sales – the most important indicator from the dealer's viewpoint – up 19.6 percent.

Sales of all parts and accessories were up 17.4 percent in October, while repair orders written increased 16.4 percent for the month.

Figures used in the Service Index are averages compiled from reports on shop business from a cross-section of the nation's new-car dealerships.

For the first 10 months of the year, service and parts business was 115.1 percent of the volume for the same period in 1983.

Shop parts sales showed an increase of 21.1 percent for the January-October period, while gross profit increased 16.4 percent, and repair orders jumped 7.2 percent.

Labor sales and sales of all parts and accessories recorded the same increase – 16.2 percent – over the year-ago period.

A look at 1986

Jim Dunne

A peek at the Plymouth P-car

The '86 1/2 Plymouth P-car (an upsized version of the current Omni/Horizon series – due to be dropped in mid-year) reflects considerable K-car influence, particularly in the rear section.

breaking news

Chrysler to buy Mitsubishi V-6s

DETROIT. – Mitsubishi Motors Corp. will supply up to 400,000 V-6s annually to Chrysler Corp., initially for use in its minivans, the companies announced. The five-year contract begins in the 1987 model year. MMC currently supplies Chrysler with 2.6-liter four-cylinder engines; they will be phased out in favor of the sixes.

GM may close Colombian unit

DETROIT.-General Motors said it will close its Colombian subsidiary, which is nearly bankrupt, if the government refuses to allow price increases. David Herman, president of Colmotores, said the company has lost $29.4 million so far this year and will be close to bankruptcy, as defined by Colombian law, by early 1985. It "will be legally forced to receive additional capital from its stockholders or vote for the liquidation

See BREAKING NEWS, Page 8, Col. 1

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EPA will reduce emissions tests on cars, light trucks

By Jake Kelderman
Washington Reporter

WASHINGTON. – The EPA has issued new regulations that should reduce by about 27 percent the number of emissions tests it performs on cars and light trucks coming off the assembly lines.

Known as Selective Enforcement Audits (SEA), the agency uses these tests as its second line of defense in making sure that cars produced by the makers meet the emission standards they are supposed to be meeting.

In 1983, the EPA conducted 17 SEAs which involved the testing of 149 vehicles. Under the agency's new regulations, that number would be reduced by approximately 27 percent. This would be done by adopting a "sequential" sampling technique instead of the "batch" technique now being used.

The EPA said this is the same technique it uses in its heavy-duty emissions testing program and that the accuracy of the test regimen is the same, or better, than what it replaces.

While reducing the number of vehicles that must be tested, the agency is at the same time reasserting its rights to enter a plant to perform the SEA with or without the manufacturer's permission. GM has asserted that the agency must first ask the manufacturer for an OK to enter the plant before it could seek a warrant should permission be denied.

EPA said it also has the same rights when it comes to foreign plants and that it can deny permission to sell cars here if entry to such plants is not granted.

At the urging of the Office of Management and Budget the agency is dropping its proposal to require manufacturers to give it their internal quality audit data from their emission testing programs on production vehicles, but not its proposal that makers notify the agency of any production changes that might affect the emissions of the SEA vehicles selected.

EPA says it still wants sales projections from the makers so it can determine what car lines to select for SEAs and, in a move to tighten the test criteria somewhat, it will not allow makers to do dealer prep on the test cars before the SEA test.

Fiero theater

A trio of performers will finish assembly of this Fiero GT at auto shows around the country. Identical 22-year-old twins Shanya, left, and Tanya Shelton are in the foreground, while Steven Douglas, 26, assembles a side panel on the far side of the car. The Fiero Show Center includes a 16-foot backdrop, a self-contained sound system and theatrical lighting.

Sales show 6 pct. gain for Dec. 1-10

By Jenny L. King
Staff Writer

Early December domestic new-car sales surpassed the year-ago period despite of the loss of a selling day this year. Four of the six major auto makers pulled ahead of their Dec. 1-10, 1983, totals and their combined figures were up 6.54 percent.

New-car sales numbered 184,379 for the period compared with 173,062 in 1983.

The daily rate averaged 23,047, up 19.86 percent from 19,229 in 1983. There were eight selling days this year compared with nine a year ago.

Year-to-date domestic sales were up 18.20 percent, to 7,575,224 from 6,408,943.

Chrysler Corp. led the Big Three makers with its 14.32-percent sales gain. Chrysler climbed to 22,187 from 19,408 (up 28.62 percent daily rate). Ford Motor Co. was up 8.12 percent, to 48,901 from 45,230.

General Motors reported sales of 105,820 domestics, up 4.77 percent from 101,004 (up 17.87 percent daily rate). American Motors slipped 23.81 percent, to estimated sales of 3,200 from 4,200 a year earlier (a 14.35-percent decline in daily rate).

Volkswagen plunged 38.12 percent, to 706 from 1,141, or minus 30.53 percent daily rate. On the other hand, Honda sales expanded 71.48 percent, to 3,565 from 2,079 (up 93.07 percent daily rate).

Market shares for the domestic makers showed gains for Ford, Chrysler and Honda. Ford was up to 26.52 percent from 26.14 percent last year. Chrysler climbed to 12.03 percent from 11.21 percent and Honda grew to 1.94 percent from 1.20 percent.

GM's share of the market for the period dipped to 57.39 percent from 58.36 percent. AMC was down to 1.74 percent from 2.43 percent and VW skidded to 0.38 percent from 0.66 percent.

Domestic makes were a mixed bag Dec. 1-10, with most of them up compared with the same period of 1983. Plymouth was up 21.85 percent, Dodge was up 15.49 percent and Chrysler was up 6.64 percent – all on a year-to-year, not daily-rate, basis.

Ford was up 6.23 percent during the period, Mercury was up 4.76 percent and Lincoln was up 48.38 percent. Buick climbed 15.66 percent, Cadillac dipped 2.84 percent, Chevrolet was up 2.04 percent, Oldsmobile was up 6.56 percent and Pontiac was down 0.12 percent.

Estimated sales of AMC-Renault products were off 16.67 percent and AMC Eagles dropped 52.38 percent. VW Golf-Rabbit sales slipped 38.12 percent.

DOMESTIC SALES

	Dec. 1-10, 1984	Dec. 1-10, 1983
Renault Alliance-Encore	2,800 †	3,360 †
AMC	400 †	840 †
AMERICAN MOTORS	3,200 †	4,200 †
Chrysler	6,973	6,539
Plymouth	6,736	5,528
Dodge	8,478	7,341
CHRYSLER CORP.	22,187	19,408
Ford	33,584	31,613
Mercury	11,741	11,207
Lincoln	3,576	2,410
FORD MOTOR CO.	48,901	45,230
Buick	20,043	17,329
Cadillac	8,312	8,555
Chevrolet	34,310	33,625
Oldsmobile	27,285	25,606
Pontiac	15,870	15,889
GENERAL MOTORS	105,820	101,004
VOLKSWAGEN	706	1,141
HONDA	3,565	2,079
U.S. INDUSTRY TOTAL	184,379	173,062

† Estimate

Trustee's attorneys focus on Swiss firm

DeLorean quizzed on $18 million

By Michelle Krebs and Edward Lapham

Attorneys for the trustee of DeLorean Motor Co. finally got their chance to question John Z. DeLorean in depositions taken last week.

DeLorean was questioned Wednesday and Thursday in Los Angeles.

The probe focused on GPD, the Panamanian-registered Swiss company retained to do development work on the sports car. Investigators believe GPD may have been the entity from which about $18 million disappeared from the project.

DeLorean also was quizzed about Logan Mfg., the DeLorean-owned subsidiary in Utah which makes ski-slope-grooming equipment, and DeLorean's general handling of the defunct car company.

On Thursday, DeLorean was questioned specifically on his turning over of his avocado ranch in San Diego County to Howard Wietzman, the California attorney who successfully defended him on drug trafficking charges last summer. DeLorean turned over the Pauma Valley ranch, valued by appraisers at $2 million, to Wietzman in lieu of legal fees.

Creditors, who are owed a total of $100 million, claim they have a right to the property.

DeLorean will be questioned further regarding DMC sometime in the future, said Sheldon Toll, an attorney for DMC trustee David Allard.

Toll refused to reveal DeLorean's responses, saying they would become a matter of public disclosure eventually.

Meanwhile, the Detroit courtroom of U.S. Bankruptcy Judge Ray Reynolds Graves turned into an auction hall for a few moments last week as three gull-winged DeLorean automobiles and steel molds for fenders were sold for a total of $34,700.

On the auction block were a DMC-12 sports car with 4,306 miles that was built as a prototype at the Belfast (Ireland) plant sometime in 1979, two 1979 DeLorean models with less than 3,000 miles but which had been shake-tested for 200,000 miles by NHTSA and steel molds for DeLorean fenders.

All of the items had been advertised by the DMC's court-appointed trustee in Chapter 7 liquidation proceedings.

The first sports car was sold to Ron Thomas, of Shorty's, Inc., a furniture company in Detroit, for $14,000. James Triplett, who is in the construction business in Columbus, O., was the top bidder on the other two cars with bids of $8,100 and $7,600.

Robert Grady, of P.J. Grady, Inc., West Sayville, N.Y., purchased the steel molds for $5,000. Grady said he expects his company, one of the original DeLorean dealerships, to attract

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Chrysler may reopen pact, hits strike call

By Marjorie Sorge
Labor Editor

DETROIT. – Chrysler Corp. is not willing to reopen its contract with the UAW if the union demands a strike deadline be set for a settlement, the corporation told the union in a letter last week.

The letter does, however, say that Chrysler will be willing to sit down with the union and discuss possible amendments to the current agreement which would be beneficial to both parties.

The current contract, covering about 58,000 Chrysler workers, is scheduled to expire Oct. 15, 1985.

The UAW is calling a meeting of its Chrysler Council in early January to discuss the next move, the union said. The council requested the reopening at its last meeting in October.

The UAW first indicated it would seek to reopen the Chrysler contract when the company began posting record profits. Chrysler made $1.73 billion in the first nine months of 1984, compared with $582.6 million for the same period in 1983. Analysts estimate Chrysler will make about $2.4 billion for the year.

Chrysler workers currently make $1.12 an hour less than their counterparts at Ford Motor Co. and General Motors plus the increases negotiated in the new contracts at those two companies which range from 9 to 50 cents an hour. Under the current agreement, the $1.12 will be made up in the last seven months of the contract.

The Chrysler workers fell behind their counterparts at Ford and GM when they made more than $1 billion in concessions to the company when it was facing bankruptcy.

The move to reopen the Chrysler contract is part of the union's master plan to get the auto makers back to pattern bargaining. Chrysler fell off the pattern during the bankruptcy days.

Nissan sets up unit to handle China trade

TOKYO. – Nissan Motor Co., Ltd., has established a China Department and staffed it to handle all of its automotive trade with mainland China.

According to the Japan Automotive News, exports to China previously had been handled by the Export Department, Asia and Australasia.

Functions of the new department will be to carry out market research and analysis, improve service and parts supply and promote technical cooperation. It will also be in charge of a Nissan office in Beijing, to be opened in 1985.

The newspaper said Nissan considers China a promising market, although car ownership now is only one per thousand people.

NUMMI assembles first Nova

FREMONT, Calif. – New United Motor Mfg., Inc., the General Motors-Toyota joint-venture company, finished its first Nova at about 3 p.m. last Monday (Dec. 10) and marked the event with a short ceremony before the plant's 650 workers.

The four-door, four-wheel-drive subcompact will be shown to the press this week. Production at the facility began the week of Dec. 3.

Chrysler plans to build $500 million tech center

DETROIT. – Chrysler Corp. is planning a $500-million technical center in suburban Detroit that includes a new test track and engineering buildings.

The center, which will supplement the corporate research facilities now located in Highland Park, Mich., is expected ultimately to grow into a major academic-industry research center for Chrysler, Chrysler executives say.

Named Oakland Technology Park, the new complex will be located on a 500-acre site near two universities in the Pontiac area.

A major portion of the development will be a new test track. No timetable has been set for the project, which will take several years to complete.

Chrysler's shopping for land in the Detroit area for the proposed center early this summer set off rumors Chrysler was moving its corporate headquarters as well, but the company says executive offices will remain in Highland Park.

Chrysler is still looking for a suitable site in the Detroit area for a new wind tunnel, Chrysler executives said.

Agency cautioned on defect films

NHTSA procedures analyzed

By Helen Kahn
Washington Bureau Chief

WASHINGTON. – NHTSA should explain to TV reporters that films showing what may occur if an alleged defect exists are simulated, and the agency must be sure that the manufacturer in question has information both on an initial finding of defect and the film before release to the public.

That is the major finding of a report made by the General Accounting Office (Congress' watchdog agency) to Rep. John Dingell, Michigan Democrat.

While approving in general NHTSA's procedures in defect investigations and its fairness in looking at both domestic and imported vehicles, the GAO – at Dingell's request – examined the specific debacle that occurred on Good Friday, 1983.

On that occasion, a "rigged" film showing a rear wheel becoming detached from a General Motors car appeared on all three TV networks with no indication that it was not a real world happening and without GM's prior viewing or chance to comment. Specifically, Dingell asked the GAO to focus on that occurrence involving 1978-80 GM A-body cars.

Recently, under pressure from NHTSA, GM offered to some 3.1 million owners of those cars free inspection by dealers and free repair, if necessary, for possible rear-axle problems.

In a letter to Transportation Secretary Elizabeth H. Dole, Dingell said that failure to inform GM in a timely fashion and to explain that the film was a simulation was "outrageous" and should not be repeated. Besides, Dingell noted, it was only an initial finding, made after 23 months of investigation, and "there clearly was no emergency."

Dingell also said that the defunct National News Council had been critical of NHTSA's handling of the film, the TV reporters' acceptance and GM's own failure to publicize the film's problems. But the blame was mostly the agency's.

During the trial in which the government alleged premature rear-brake lockup on some 1.1 million 1980 X-cars, testimony was taken about similar "rigged" tests.

A NHTSA official explained in a deposition that the agency now includes with all such films the test protocol used, which would explain any equipment changes to induce failure of a component. In addition, he said, the film must carry the word "simulated" so the viewing public will know that what it is seeing is not a real happening.

In addition to that disclaimer and insistence that the manufacturer has foreknowledge and a chance to comment, Dingell also wants disclosure that the allegations stem from an "initial finding" only – a circumstance that could be changed after a public hearings and further evidence.

In related areas, GAO found that NHTSA's spending for defect investigation was at about the same ratio as the market share for domestic and foreign companies and that NHTSA's budget for such investigations has been about the same from fiscal 1981 through fiscal 1984 but will be somewhat higher for fiscal 1985.

GAO also said that domestic makers "voluntarily recalled" about 60 percent of the vehicles that are recalled, while 75 percent of the import company recalls were "influenced by NHTSA's investigation."

Also, GAO said, the "relative frequency of insurance injury claims cannot be relied upon to determine whether a safety-related defect exists in motor vehicles."

A GM entry in Brazilian market

This 1985 two-door Chevrolet Opala for the Brazilian market has styling lines reminiscent of earlier GM bodies. The first Opala was introduced in Brazil 16 years ago.

Japanese sign with Chinese to export trucks

TOKYO. – Japanese vehicle makers are selling increasing numbers of trucks to Mainland China, according to newspaper stories published here.

Largest of the deals most recently revealed is one under which Nissan will export 20,000 light trucks to China by next March.

Mazda has already started shipping 6,400 pickups to China.

Isuzu will deliver 3,000 heavy trucks to China during 1985.

Suzuki has made its first shipment of KD truck kits to China for its light Carry trucks.

Nissan's contract, with the Hainan Administrative Region of Guangdong Province, is for vehicles that can be used as freight or passenger vans. Earlier, Nissan obtained an order from China for 10,000 pickups.

Mazda made its Chinese contract through a trading firm, Toyo Menka Kaisha, for delivery to Fujian Province and the Hainan Administrative Region. Mazda's deal with the Chinese includes 1,600 passenger cars.

Isuzu is dealing with China National Machinery Import and Export Corp. The trucks will be delivered to the Ministry of Petroleum industry. Isuzu has already exported 12,000 passenger cars to China this year.

Suzuki is shipping its KD kits to Jilin City Automobile Industry Corp. The firms signed a contract in 1981 under which the Chinese will build the Carry under license. Production is scheduled at 2,000 for 1985, rising to 20,000 a year within three years.

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Bricklin spells out financial terms

Yugo dealers must have $400,000

By John A. Russell
New York Staff Writer

NEW YORK. – Letters of credit which could amount to $400,000 per dealer are being required of all dealers appointed by Yugo of America in addition to the normal bank floorplanning, according to Malcolm Bricklin, chairman of the board.

Letters mailed last week to all International Automobile Importers, Inc., dealers, who are being given the first opportunity to apply for a franchise, spelled out the unusual requirement which is a first in the industry.

These letters of credit are being referred to as "standby" and must cover two months of vehicle purchase orders of the Yugo 55. The anticipated planning potential per dealer is about 45 units per month, the letter said.

The letters of credit would be used if the dealer loses bank floorplanning or refuses delivery on ordered cars.

Dealers were told the standby letter of credit does not represent an additonal financial obligation to the dealer.

But it does state that since the company is not using distributors and is not a subsidiary of the manufacturer, Zastava, "we require this additional commitment."

Bricklin's letter also stated that "we believe this commitment assures that only the strongest dealers are selling and servicing the Yugo." The letter also outlined product improvements on the Yugo 55, market strategy, new models, as well as pricing and dealer grosses among other items.

Two models of the car will be brought into the country. The base model, the Yugo 55 GV ("Great Value," according to Bricklin) has a base price of $3,990. Dealer gross on this model will be $400. A second model, the GVX will sell for $4,800. This model includes alloy sport wheels, spoilers, special paint, etc.The dealer gross on this is "approximately $650."

Bricklin said 186 changes have been incorporated into the U.S. version of the Yugo, by Zastava. This includes new seats, color-coordinated interiors including fabrics and carpeting, power-assisted brakes, new headlights, a redesigned taillight assembly and larger steel-belted radial tires.

In addition, Bricklin said all the cars will be wired for radials to ease in installation.

Yugo of America also intends to have the GVX equipped with a larger 1300-cc engine and a 5-speed transmission though "there is the possibility that the initial production of this GVX will not include the 1300-cc engine. As soon as it is available it will be standard equipment."

Bricklin estimates the model mix for the first year will be 50 percent base model and 50 percent GVX.

Yugo of America has targeted May 20, 1985 as the on-sale date for the Yugo 55 in the U.S. Production is scheduled to begin in April. The cars are 1986 models.

While the company initially wanted to appoint 650 dealers, it has scaled that down to 300 dealers. The company plan calls for it to be selling 220,000 units after the fifth year.

Consequently, the letter went on to state that "we now intend to only appoint dealers who have the facilities and capabilities for generating and supporting high-volume sales and superior service."

Bricklin did state that in areas where distance between two volume points is a factor, "we will consider the appointment of a smaller-volume dealer."

The majority of dealers will be

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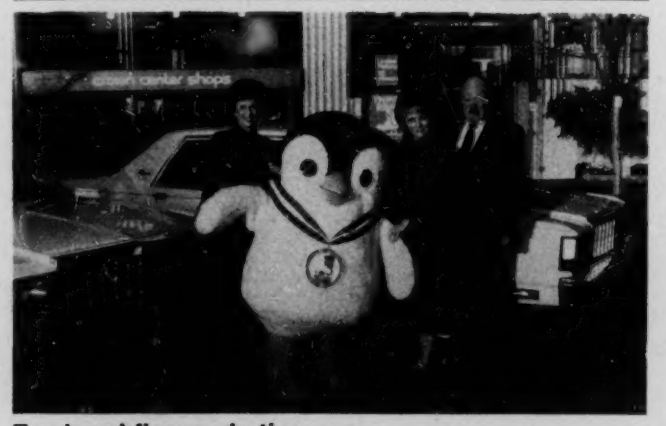
Hammond opens deal

MALTA, Mont. – Fred Hammond has opened Fred Hammond Chevrolet-Oldsmobile here.



Ford and figure skating

The Greater Kansas City Ford Dealers will supply 70 vehicles for the 1985 U.S. Figure Skating Championships. Above, Joe Heisler, Ford district sales manager, presents car keys to Lynn Rodewald, left, and Kathy Magerkurth, co-chairpersons of the event. Also pictured is Kaycee, the event's mascot.

Yugoslavian officials laud Bricklin venture

NEW YORK. – High-ranking Yugoslavian Government officials are carefully monitoring the progress of Malcolm Bricklin's venture to sell the Yugo 55 in the U.S. and said last week that this was "the most important" business agreement signed.

For Yugoslavia, the venture between Yugo of America and Zastava, the car maker, means a 25-percent increase in exports the first year, and if sales reach 100,000 units it could mean $200 million more for that country in export capital. Now, exports are running in the $450-million range.

The venture goes far beyond anything that has developed for that country in recent years. And at least one cabinet-level official – Zivorad Kovacevic, a member of the government's executive council, and according to sources, one of the most powerful men in Yugoslavia – is personally monitoring the situation.

He confirmed to AUTOMOTIVE NEWS that he was taking a personal interest in the venture. "Nothing can be compared" with this venture, he said, adding that he was visiting the Bricklin operation in Montvale, N.J., for a briefing.

Briefings with ranking government officials have been the name of the game for Yugo of America. Two weeks ago, Bricklin executives were in Washington outlining plans to Mico Rakic, the Yugoslavian ambassador to the U.S.

He termed this deal "very significant" for the economy of Yugoslavia.

And it is the economy that is the concern of those officials. The country is struggling under a high (55-percent) rate of inflation.

While forceful economic policies have been introduced to reduce its debt and increase productivity and output, Yugoslavia is searching for joint ventures to increase exports as one method to turn the economy around.

Kovacevic told a meeting of the Yugoslav-American Economic Council last week that exports have increased 7 percent and with the Western countries as much as 25 percent.

A "current account balance surplus" of $700 million to $800 million was created, he said, not by reducing imports but by increasing exports.

The Yugo 55 venture with Bricklin is another step in developing the economy, according to those officials.

The car provides an image for the country and opens the doors for futher exports of transportation equipment, though those officials would not specify the equipment or whether Bricklin would be involved.

But one government official did say that the Bricklin joint venture was "serious."

Zastava, the manufacturer, has set up a separate assembly line to build cars for the U.S. Quality control is the key and in April,

Continued on Page 48, Col. 5

Record output slated for first quarter

Olds is making up for lost time

By Joseph Bohn
Marketing Editor

LANSING. – After suffering through various startup problems last fall, Oldsmobile and its dealers will get off to a rip-roaring start in the new year, marketing officials vow.

Oldsmobile plans to:

1. Build a record 350,000 cars in the first quarter, ensuring plenty of product for dealers, particularly in lines like the Calais which have scarcely tested the market.

2. Stimulate sales with a new 110-day incentive, largest of its kind for a first-quarter period. The program began last week.

3. Beef up merchandising efforts with a variety of new programs, some still in the experimental stage.

Olds dealers, lacking cars, have lost market share to Buick and Pontiac this fall because of unique problems, like a switch in grille suppliers for Cutlass Ciera. But "they're going to have very good inventories," said Lynn Myers, director of marketing, pointing to planned record output that will top the previous high of 344,799 set in January-March, 1984.

Production will be particularly heavy in Cutlass Ciera, Calais and the Ninety-Eight. Olds is adding a second shift and hiring 2,400 new people early in 1985.

Its new incentive contest is called Drive for '85. It runs from Dec. 4 to March 22. Dealers compete in several groups for 330 trips of four days, five nights to Honolulu.

Sales objectives include all '84/'85 new models. In the first group the top dealers compete in open competition for 100 trips to Honolulu. There is a $500 enrollment fee.

A second group, called Fleet Elite, compete in open competition as well. There is a 750-unit minimum objective here, and dealers can win a trip either by hitting 100 percent of a retail objective, or 100 percent of a fleet objective. The entry fee is $250, and dealers can bump up to the first group by paying a $500 entry fee.

Finally, a third smaller group of dealers compete among themselves for Hawaiian trips. Their enrollment fee is also $250. Calais sales count for double credit here.

If any of the groups hit 65 percent of objective by Feb. 12 and are the biggest volume sellers in that group, they can win four day/three night trips to the Indy 500 as well. There are 280 such trips being awarded.

Dealers who hit between 100 and 119.9 percent of objectives by contest end get 50 percent of their enrollment fee back; 120-139.9 percent and they get 75 percent back. Those who hit 140 percent and don't win trips get all their enrollment back. Those who hit 140 percent and already have a Hawaiian trip, get a three day/two night extension to Maui.

On the advertising side, Olds has completed its TV and print creative for the balance of the year. It is looking at only one additional Calais execution, said P.E. Bunker, advertising manager.

The new Calais spot will tie into its being the Indy pace car. Myers noted that a lot of promotional activities are being planned to tie into that event, and there will be special advertising.

Olds also has some ads planned for the Cutlass Ciera GT and Cutlass Supreme 442 which will bow as specialty models early next year. It plans about 3,000 sales of the special Supreme 442. Production on the Ciera GT is open, though officials are anticipating about 8,000-10,000 sales.

Advertising on Calais will continue to be heavy in the second quarter, though it won't take quite the 42 percent share of budget it took in the fall, Bunker said. Bread-and-butter lines like Ciera and Ninety-Eight will also get heavy play.

Olds has a number of interesting merchandising activities on tap.

Its Olds Scrambe Golf tournament drew 40,000 participants, according to Bunker. It is a three-tiered event that starts at the local club level, with amateurs, club pros and touring pros all elibible for pieces of the $700,000 prize.

Bunker expects it to double in size next year, based on inquiries received since it wound up this year.

Olds is also promoting professionalism among its salespeople in various ways. It is using a touch-tone testing system, for example, where salespeople call an 800 number to take an over-the-phone product quiz from a computer. Competition includes written exams in which winners at the regional level ultimately compete in finals at the Indy 500 for a prize of a new car.

Olds is also distributing new GRID computers to its district managers which Ross described as having "incredible" capabilities. The portable computers plug into a phone.

Wholesale people can access a mainframe computer which gives them the complete history of a dealer before calling on him, i.e., what his sales are, what his inventory is, what his preference in cars is. The fieldperson will be able to a dealer locate a lost car or solve a variety of other potential problems, including service concerns.

Among other things, this computer will supply all bulletins on technical problems, and it can be hooked to a car to diagnose a service problem.

The OASIS system, as it is called, is being tested in two zones and will be the central theme of Olds' display at the NADA convention this year where dealers will be shown how it works.

Last fall, Olds also piloted a telemarketing program in its Atlantic region in which multimedia ads encouraged people to call an 800 number for information about its new Calais.

Myers said the division is evaluating the results. The next phase, she added, will probably be a "teleout" pilot program in which operators work with dealers and marketing groups to help them in prospecting for customers for special dealer promotional events.

Olds has also stepped up its performance promotion, Ross noted. It recently received the National Hot Rod Assn.'s manufacturers cup for total points in competitions for the first time since the early '70s. It also signed Buddy Baker for next year's NASCAR circuit.

"Our budgets aren't like Chevrolet's but they have been going up," Ross said.

Indstry sources say Old's rear-drive 88 will be phased out at the end of this model year to be replaced by a smaller front-drive version in '86. Officials confirmed there was no plan to keep the older-style version around after its replacement is introduced, as Cadillac did with its Fleetwood Brougham.

20 with Nissan

Robert Melloy, center, Melloy Datsun, Albuquerque, receives a 20-year plaque from Nissan Motor Corp., U.S.A. Presenting the award are Dennis Lassiter, left, assistant regional manager, and Kris Harris, Nissan's Denver district manager.

auction directory

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factories list auction dates

American Motors

Dec. 18 – High Point Auto Auction, High Point, N.C., and Aptco Auto Auction, Taylor, Mich.

Dec. 19 – Columbus Fair Auto Auction, Obetz, O.; Central States Auto Auction, Mason City, Ia.; Metro Milwaukee Auto Auction, Caledonia, Wis., and Southern Auto Auction, Warehouse Point, Conn.

Dec. 20 – Corry Auto Auction, Corry, Pa.; Evansville Auto Auction, Evansville, Ind., and Northstar Auto Auction, Shakopee, Minn.

Dec. 21 – Floyd Hauhe Auto Auction, Bridgeton, Mo., and Concord Auto Auction, Acton, Mass.

Dec. 27 – Kansas City Auto Auction, Kansas City.

Ford Motor Co.

Dec. 18 – Aptco Auto Auction, Taylor, Mich.

Dec. 19 – Clanton's Auto Auction, Darlington, S.C., and Minneapolis Northstar Auto Auction, Shakopee, Minn.

General Motors

Dec. 18 – Aptco Auto Auction, Taylor, Mich.

Dec. 20 – 166 Auto Auction, Springfield, Mo.

Chrysler Corp.

Dec. 18 – Colorado Auto Auction, Commerce City, Colo.; Hatfield Auto Auction, Hatfield, Pa., and Florida Auto Auction of Orlando, Ocoee, Fla.

Dec. 19 – Southern Auto Auction, Warehouse Point, Conn.; Sand Mountain Auto Auction, Boaz, Ala.; Columbus Fair Auto Auction, Obetz, O., and Minneapolis Auto Auction, Plymouth, Minn.

Dec. 20 – Clanton's Auto Auciton, Darlington, S.C.

Dec. 21 – Concord Auto Auction, Acton, Mass.

Used Car Sales
Auction Averages

December to date	$5,192
Month ago	$5,117
Year ago	$3,906

Model Breakdown
Auction Averages

	DEC. TO DATE	NOV. 1984	OCT. 1984
1984	$9,943	$9,945	$9,894
1983	7,307	6,999	7,471
1982	5,381	5,565	6,074
1981	4,078	4,623	4,474
1980	3,692	3,813	3,986
1979	3,190	3,110	3,204
1978	2,187	2,262	2,350
1977	1,858	1,738	1,647
Overall Average	$5,192	$4,923	$4,984

Highest since March

Domestic car supply moves up to 58 days

Continued from Page 1

a month earlier) was due to a production increase; the line experienced only a small sales decline during the month.

Sales at the five GM divisions fell during November, resulting in an increase in their supply levels. Some of the decline was attributable to shortages that kept customers from buying. GM started this month with an ideal 49-day supply.

Fiero was one model to experience a big change from month to month: Pontiac cut its production significantly, but not nearly as much as its sales fell. The result was a 71-day supply on Dec. 1, compared with a 47-day supply on Nov. 1.

Firebird inventory, meanwhile, plummeted as production doubled and sales increased even more than that. The big increase in the supply of full-size Pontiacs was attributable to increased production and a sales decrease.

LeSabre's supply level rose dramatically as sales fell and production increased. At Oldsmobile, Calais sales nearly doubled while production fell, resulting in a much-reduced inventory level.

At Chevrolet, Citation sales declined and production increased, resulting in its heavy stock number. And the full-size Chevrolet suffered a sharp sales decline coupled with a production increase, resulting in a much higher days-supply figure.

Sales of the full-size Cadillac also dropped during the month, but in this case it was due to product shortages. Production increased, so next month Cadillac should be in even better shape.

Volkswagen's sales rate climbed during the month, but its production of the new Golf climbed even more, resulting in a higher inventory: 56 days' worth of domestic cars. If its imports were combined with domestics, VW's inventory would be worth about 77 days.

The domestic makers shared the Dec. 1 inventory this way: GM, 45.54 percent; Ford, 31.56 percent; Chrysler, 18.61 percent; AMC, 3.50 percent; VW, 0.67 percent, and Honda, 0.12 percent.

One month earlier the shares were: GM, 45.01 percent; Ford, 31.90 percent; Chrysler, 18.60 percent; AMC, 3.65 percent; VW, 0.57 percent, and Honda, 0.27 percent.

The subcompacts and their days-supply levels were: Ohio-built Honda Accords, 4; VW Golf and Rabbit, 56; Chevette, 64; Lynx, 64; Escort, 65; Pontiac 1000, 67; Fiero, 71; Omni, 80; Alliance, 82; Encore, 84; Turismo, 87; Charger, 87; Horizon, 88; Daytona, 94; EXP, 114, and Laser, 114.

The compacts: Skyhawk, 41; Cavalier, 44; 2000 Sunbird, 47; Firebird, 47; Mustang, 48; Topaz, 58; Cimarron, 61; Firenza, 61; Camaro, 68; LeBaron, 69; Tempo, 70; Eagle, 73; Aries, 78; Reliant, 82, and Capri, 93.

The intermediates: Cutlass Ciera, 27; Grand Am, 28; Cutlass Supreme, 34; Pontiac 6000, 35; Century, 39; Celebrity, 41; Monte Carlo, 42; Regal, 43; Caravelle, 49; Cougar, 55; Phoenix, 60; Skylark, 61; Bonneville, 61; Calais, 64; Thunderbird, 64; Dodge 600, 65; Marquis, 65; Grand Prix, 66; LTD, 66; Somerset Regal, 67; New Yorker E/E-Class, 70; Citation, 100; LeBaron GTS, 150, and Lancer, 167. It should be noted these last two cars won't be on sale officially until Jan. 1.

The standard-size cars: Oldsmobile 88, 51; LeSabre, 56; Chevrolet, 70; Pontiac, 86; Crown Victoria, 99; Grand Marquis, 104; Gran Fury, 107, and Diplomat, 113.

The luxury cars: Electra, 31; Cadillac, 34; Oldsmobile Ninety-Eight, 39; Riviera, 39; Seville, 42; Eldorado, 46; Corvette, 49; Lincoln, 50; Toronado, 58; Fifth Avenue, 60; Mark VII, 87, and Continental, 88.

NEW – CAR STOCKS

	Dec. 1, 1984	Nov. 1, 1984	Dec. 1, 1983
Alliance	84	89	75
Encore	84	96	70
Eagle	73	84	46
AMERICAN MOTORS	82	91	68
Caravelle	48	59	.....
Horizon	88	94	63
Reliant	82	66	67
Turismo/TC-3	87	76	74
Plymouth	107	92	32
Plymouth Total	81	75	66
LeBaron	69	62	55
LeBaron GTS	150	.....	.....
Laser	114	104	52
Fifth Avenue	60	55	48
N. Yorker E/EClass	70	66	53
Chrysler Total	75	67	56
Omni	80	77	66
Daytona	94	100	73
Charger/024	87	73	93
Aries	78	62	66
400/600	65	63	68
Lancer	167	.....	.....
Diplomat	113	89	52
Dodge Total	84	73	71
CHRYSLER CORP.	80	72	64
EXP.	114	103	123
Escort	65	61	61
Tempo	70	58	81
Mustang	48	45	61
Thunderbird	64	58	83
LTD	66	45	46
Crown Victoria	99	76	50
Ford Division	70	59	65
Lynx	64	66	88
Topaz	58	45	70
XR7/Cougar	55	45	97
Marquis	65	54	55
Grand Marquis	104	74	45
Capri	93	100	86
Total Mercury	72	58	72
Continental	88	85	40
Lincoln	50	39	29
Mark VII	87	111	52
Lincoln Total	62	53	39
FORD MOTOR	70	58	65
Skyhawk	41	57	53
Skylark	61	37	63
Century	39	29	42
Regal	43	35	43
Somerset Regal	67	58	.....
LeSabre	56	39	38
Electra	31	22	33
Riviera	39	31	36
Buick Division	46	36	43
Cimarron	61	53	86
Eldorado	46	44	30
Cadillac	34	19	33
Seville	42	40	27
Cadillac Division	39	30	35
Chevette	64	64	69
Cavalier	44	46	49
Citation	100	74	104
Camaro	68	92	53
Celebrity	41	34	52
Monte Carlo	42	43	80
Chevrolet	70	51	54
Corvette	49	60	35
Chevrolet Division	56	52	58
Firenza	61	64	80
Cutlass Ciera	27	26	40
Omega	0	32	85
Cutlass Supreme	34	26	44
Calais	64	93	.....
Olds 88	51	30	28
Olds 98	39	23	27
Toronado	58	48	48
Oldsmobile Division	41	33	41
Fiero	71	47	17
1000	67	81	93
2000 Sunbird	47	62	79
Phoenix	60	63	99
Firebird	47	73	60
6000	35	26	52
Bonneville	61	40	71
Grand Am	28	34	.....
Grand Prix	66	39	77
Pontiac	86	61	67
Pontiac Division	52	49	63
GENERAL MOTORS	49	42	50
VOLKSWAGEN	56	47	58
HONDA	4	7	22
Total Cars U.S.	58	51	55
SUBCOMPACT	68	65	62
COMPACT	59	59	63
INTERMEDIATE	50	41	57
STANDARD	76	54	45
LUXURY	46	37	34

As demands are rejected

Canadians quit UAW; will form own union

Continued from Page 1

drawal of the Canadian region. One source said those members thought that if they voted yes on the Canadian proposals, they were voting in favor of a split in the union.

"We deeply regret that the Canadian leadership has presented this board with a set of demands which conflict with the letter and spirit of the UAW constitution and which, if granted, would cause the UAW to cease to exist as an international union in any meaningful sense, " the IEB said.

But White said that only reflected the attitude of the 24 Americans on the board.

He said the Canadians would now move to set up their own organization, still called the UAW, while maintaining "close fraternal ties" with the union in the U.S.

"This is not a war between the leadership or the two countries," White said.

"I'm not walking out of the international union. No one is throwing me out. I've been in the union for 34 years. My roots are strong. I don't do this lightly."

Both UAW President Owen Bieber and White said there was no hostility involved in the split. White said later that "a lot of very srongly held views" were discussed at the Board meeting.

"I am sorry to see this happen," Bieber said. "I think the international structure has served us both well, but I understand the desires of the of the Canadian section of the union."

During the meeting, the IEB also voted to set up a committee to check into the legal and constitutional aspects of setting up a separate Canadian union. That will include dividing up the $583.5 million strike fund.

According to a UAW source, a percentage of that fund will go with the Canadians but "this is not a per captia fund."

The Canadians account for about 11 percent of the UAW's 1.2 million members. White would not say how much of the strike fund the Canadians should get.

"It is incumbent on everybody to make sure we all come out strong, the Canadians and the Americans," White said. "They (the U.S. branch) will because they are large enough, but we also have to come out strong. Not just for our interest but for theirs.

"The worst thing that could happen is for a weak UAW to develop in Canada that can't bargain for its members.The corporations would take advantage of that."

The 120,000-member Canadian UAW is the second largest industrial union in Canada, surpassed only by the Steelworkers, which is still an international union.

Makers seek new sources in wake of UAW fracture

By Marjorie Sorge
Labor Editor

DETROIT. – The major auto makers will be re-evaluating their Canadian sourcing in light of the split in the UAW and many will stop single-sourcing in that country, according to officials at all companies.

That has led to speculation that the auto makers will pull work, and consequently jobs, out of Canada, fearing an unstable labor situation in that country. Some officials also say it could weaken the Canada-U.S. Automotive Trade Agreement of 1965 . "The decision (to split) was not to set up the Revolutionary Workers Party in Canada and put tanks around the General Motors and Ford buildings, but to set up a separate organization in Canada with a new structure," said Robert White, head of the Canadian UAW.

"It would be suicide for us to say we want to do this so we can move way ahead of the Americans in collective bargaining. Whatever we do here still will be affected by the fact that we have an integrated industry."

None of the auto makers seem to be panicking and all are taking a wait-and-see attitude although they will dual-source a lot of previously Canadian-only componentry.

"The business aspect must make General Motors re-evaluate its business in Canada," said Alexander A. Cunningham, executive vice president in charge of North American Passenger Car Operations. "It is irascible for an organization to have the ability to create a work stoppage in Canada that can shut down the U.S. operations."

During the 1984 negotiations the Canadian UAW struck GM for 13 days, closing numerous facilities in the U.S. and threatening the entire automotive operation.

Cunningham said GM would be minimizing its single-sourcing plans for Canada. It is likely, however, that GM and other auto companies would have re-evaluated the situation anyway because of the impact of the Canadian strike on U.S. operations, observers said.

Cunninghgam said GM will sit down with the Canadian UAW and see where it is going before it makes further decisions. He said the split would not result in GM's cutting back on current investment plans for Canada and would not change the reorganization plans for Canada.

John F. Smith Jr., president and general manager of GM of Canada, told AUTOMOTIVE NEWS earlier this year that Canada was being considered as GM's new small-car base of operations, saying it is the corporations' No. 1 competitor with the Japanese because of the lower labor costs in Canada. Labor costs in Canada are currently beteen $5 and $7 an hour lower than those in the U S. About half of that difference is because of the exchange rate.

In a prepared statement, Smith said, "Any structural change in the relationship of Canadian and American auto workers should reflect the fully integrated nature of the North American auto industry as it has developed under the automotive product trade agreement.

"We will have the same bargaining teams, the same member-

Continued on Page 50, Col. 1

Trustee's attorneys quiz DeLorean on $18 million

Continued from Page 2

repair work for the automobiles.

A couple weeks ago, two prototype DeLorean autos were auctioned in California for a total of $58,000. One was sold to an attorney for $37,000 while a second went to an automobile collector for $21,000.

The proceeds from the sales go to the trustee for the bankrupt automobile company to eventually pay off creditors.

Toll said he now believes at least $20 million will be recovered, giving creditors, who are owed a total of $100 million by DMC, 20 cents on the dollar.

"That ain't bad for a no-assets company in liquidation," he said."And I'm being conservative."

During last week's hearing, Judge Graves took two issues under advisement: The issue of who should receive a $100,000 good-faith check from the Gorman Group and a request that professionl fees amounting to nearly $400,000 be paid to attorneys and accountants representing the trustee.

The judge indicated he would make decisions on those issues by year end.

Meanwhile, legal action in the DeLorean case switches to California in January when the trial involving DeLorean's ranch is scheduled to begin.

However, Toll said substantial amounts of information have not been turned over to the attorneys for the creditors. Toll said they may be forced to request an adjournment.

Toll also said another lawsuit in the DeLorean case involving Vincee Leasing Co. was filed recently in federal court in San Diego. The creditors have charged that Vincee Leasing, part of Pacific Honda, arranged a financing transaction whereby a number of DeLorean automobiles were sold with an option for DMC to buy them back in the future.

In another action involving Vincee Leasing, the creditors charge the company schemed to sell more than 50 DeLorean cars, the proceeds from which eventually went to DeLorean.

Toll said the money involved in the Vincee deals is $2 million.

At the same time, no word has come out of a year-long Detroit grand jury investigation of alleged DMC financial irregularities. The probe focuses on alleged criminal tax fraud and bankruptcy fraud, particularly the disappearance of nearly $18 million in car project funds.

Lone Star Pontiac breaks ground in Austin

AUSTIN, Tex. – Lone Star Pontiac has broken ground for construction of the first General Motors dealership ever in South Austin.

Dealer is George Lowrance. The site will also house new facilities for Lowrance's existing Porsche-Audi dealership. The combined dealerships will have 40 service stalls and parking for over 500 automobiles.